

"(2) developing or using alternative methods for the or processing of a material in the stockpile so as to convert such material into a form more suitable for use during an emergency or for storage.

"(d) The President shall encourage the conservation of domestic sources of any material determined pursuant to section 3(a) to be a strategic and critical material by making grants or awarding contracts for research regarding the development of—

"(1) substitutes for such material; or
"(2) more efficient methods of production or use of material."

SEC. 3312. DEVELOPMENT OF DOMESTIC SOURCES

(a) **AUTHORITY OF THE PRESIDENT.**—The Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.) is amended by adding at the end the following new section:

"DEVELOPMENT OF DOMESTIC SOURCES

"SEC. 15. (a) Subject to subsection (c) and to the extent the President of the U.S. determines such action is required for the national defense, the President shall encourage the development of domestic sources for materials determined pursuant to section 3(a) to be strategic and critical materials—

"(1) by purchasing, or making a commitment to purchase strategic and critical materials of domestic origin when such materials are needed for the stockpile; and

"(2) by contracting with domestic facilities, or making a commitment to contract with domestic facilities, for the processing or refining of strategic and critical materials in the stockpile when processing or refining is necessary to convert such materials into a form more suitable for storage and subsequent disposition.

"(b) A contract or commitment made under subsection (a) may not exceed five years from the date of the contract or commitment. Such purchases and commitments to purchase may be made for such quantities and on such terms and conditions, including advance payments, as the President considers to be necessary.

(c) **Descriptions of proposed transactions under subsection (a)** shall be included in the appropriate annual materials plan submitted to Congress under section 11(b). Changes to any such transaction, or the addition of a transaction not included in such plan,

shall be made in the manner provided by section 5(a)(2).

"(2) The authority of the President to enter into obligations under this section is effective for any fiscal year only to the extent that funds in the National Defense Stockpile Transaction Fund are adequate to meet such obligations. Payments required to be made as a result of obligations incurred under this section shall be made from amounts in the fund.

"(d) The authority of the President under subsection (a) includes the authority to pay—

"(1) the expenses of transporting materials; and

"(2) other incidental expenses related to carrying out such subsection.

"(e) The President shall include in the reports required under section 11(a) information with respect to activities conducted under this section."